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Hong Kong

Market Development Reports

Hong Kong Herbs, Spices and Ginseng Product Brief 1999

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Report Highlights:

The herbs and spices market in Hong Kong is relatively small compared to that of Western countries. Over the last two to three years, herb and spice consumption has declined in Hong Kong.

Herb and Spice re-exports are expected to increase during the next few years. Historically, Hong Kong has been a transshipment port for most Chinese spices to the West and Southeast Asia. But, since the start of the Asian financial crisis--middle of 1997, Hong Kong has started to serve as a transshipment point for Southeast Asian spices to mainland China. China's demand for herbs and spices has increased significantly during 1997. Hong Kong suppliers are already taking advantage of this demand by purchasing product in Southeast Asia and shipping it to China. An opportunity for US herb and spice suppliers may exist if the Chinese economy continues to remain stable.

Includes PSD changes: No

Includes Trade Matrix: No

Unscheduled Report

Hong Kong [HK1], HK

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I. EXECUTIVE SUMMARY

Methodology

The goal of this report is to provide a brief on the herbs, spices and ginseng markets in Hong Kong as well as future developments. Eastern Strategic Consultants utilized a combination of primary and secondary sources of information, intelligence, and insight to document this study.

For Hong Kong dollar currency figures, the exchange rate used is US\$1 = HK\$7.78.

Main Findings

The herbs and spices market in Hong Kong is relatively small compared to that of Western countries. the last 2 - 3 years, herb and spice consumption has declined in Hong Kong.

Overall, Hong Kong local demand for herbs and spices is in decline. The most popular spices used in Hong Kong are ginger and pepper. Together they account for over 70% of all spices consumed. Pepper demand declined over the past 2 years, and is expected to remain flat in the near term. Ginger consumption has been flat but consumption has remained consistent over the past few years. As for other spices, demand has declined and is expected to decline further.

As for ginseng, the local Hong Kong market is saturated and declining. A price war between USA, Canada, China, and Korea has increased competition among local distributors and suppliers, driving the price of Ginseng to all time lows. The situation is not expected to improve any time soon.

Herb and Spice re-exports are expected to increase during the next few years. Historically, Hong Kong has been a transshipment port for most Chinese spices to the West and Southeast Asia. But, since the start of the Asian financial crisis--middle of 1997, Hong Kong has started to serve as a transshipment point for Southeast Asian spices to mainland China. China's demand for herbs and spices has increased significantly during 1997. Hong Kong suppliers are already taking advantage of this demand by purchasing product in Southeast Asia and shipping it to China. An opportunity for US herb and spice suppliers may exist if the Chinese economy continues to remain stable.

Market Access Statement**LABELING REQUIREMENTS**

The Food and Drugs (Composition and Labeling) Regulations require food manufacturers and packers to label their products in a prescribed, uniform and legible manner. The following information is required to be marked on the label of all prepackaged food except for ‘exempted items’ as provided in the Regulations. Prepackaged food means any food packaged in such a way that the contents cannot be altered without opening or changing packaging and the food is ready for presentation to the ultimate consumer or a catering establishment as a single food item.

1 Name of the Food

- a) Prepackaged food shall be legibly marked or labeled with its name or designation.
- b) The food name should not be false, misleading or deceptive but should serve to make the nature and type of food known to the purchasers.

2 List of Ingredients

- a) Preceded by an appropriate heading consisting of the words “ ingredients”, “composition”, “contents” or words of similar meaning, the ingredients should be listed in descending order of weight or volume determined at the time of their use when the food was packaged.
- b) If an additive constitutes one of the ingredients of a food, it should be listed by its specific name or by the appropriate category (e.g. Preservative, artificial sweetener, etc.) Or by both name and category.

3) Indication of “best before” or “use by” date

Prepackaged food shall be legibly marked or labeled with the appropriate durability indication as follows:

- a) a “best before” (in Chinese characters as well) date; and
- b) in the case of a prepackaged food which, from the microbiological point of view, is highly perishable and is likely, after a short period, to constitute an immediate danger to human health, a “ use by” (in Chinese characters as well) date.

The words “use by” and “best before” in English lettering and Chinese characters followed by the date which specific properties of the food can be retained, to indicate the shelf life of the food. The “use by” “best before” date should be shown either in Arabic numerals in the order of day, month and year (or month and year in certain circumstances) or in both the English and Chinese languages. For specific details refer to the Regulation.

4) Statement of Special Conditions for Storage or Instruction for Use

If special conditions are required for storage to retain the quality or special instructions are needed for prepackaged food use, a statement should be legibly marked on the label.

5) Name and Address of Manufacturer or Packer

Prepackaged food shall be legibly marked or labeled with the full name and address of the manufacturer or packer, except under the following situations:

- a) The package is marked with an indication of the country of origin and the name and address of the distributor or brand owner in Hong Kong, and the address of the manufacturer or packer in the food in its country of origin has been notified in writing to the Director of Health.
- b) The package is marked or labeled with an indication of its country of origin and with a code marking identifying the manufacturer or packer in that country and particulars of the code marking and of the manufacturer have been notified in writing to the Director of Health.

6) Count, Weight or Volume

The food label should include the numerical count or net weight or net volume of the food.

7) Appropriate Language

The marking or labeling of prepackaged food can be in either the English or the Chinese language or in both languages. If both the English and Chinese languages are used in the labeling or marking of prepackaged food, the name of the food and the list of ingredients shall appear in both languages.

Exempt from labeling regulations: Individually wrapped confectionery products and preserved fruits intended for sale as a single item; Prepackaged foods for sale to catering establishment for immediate consumption; those containing more than 1.2 percent alcohol by volume.

Under the amended Food and Drugs (Composition and Labeling) Regulations, it is an offence to sell any food after its “use by” date. Furthermore, any person who, not being the food manufacturer or packer or without their written authorization, removes or obliterates any particulars on the label required under these regulations also commits an offence.

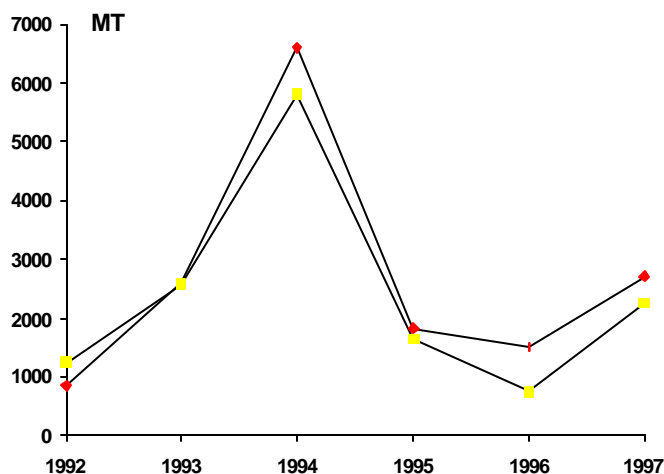
IMPORT DUTIES

Hong Kong is a free port which does not impose any import tariffs on products with the exception of four dutiable products: liquor, tobacco, hydrocarbon oils and methyl alcohol. Local importers have to apply for a licence from the Hong Kong Customs and Excise Department for the importation of dutiable commodities. In addition, a licenced importer has to apply for a permit for each and every consignment. The current duties are as follows:

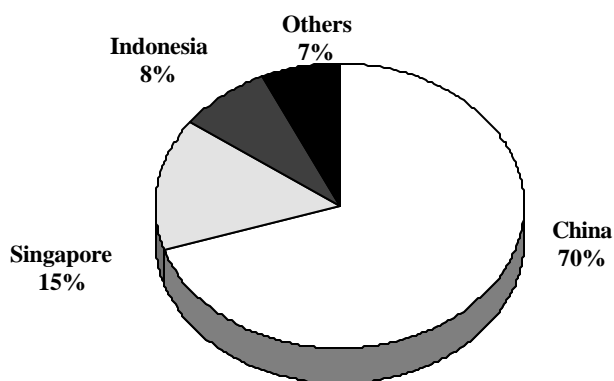
Cigarettes per 1000 sticks	US\$98.45
Cigars per kg	US\$126.74
Beer & liquor with less than 30% alcohol	: 30%
Liquor with more than 30% alcohol	: 100%
All wines	: 60%

II. PRODUCT TRADE AND CONSUMPTION

- # Hong Kong pepper imports have been inconsistent. Imports surged in 1993 and 1994, and then drastically declined from 1995 to 1997.
- C Earlier in 1993, and especially in 1994, Hong Kong traders purchased large quantities of whole pepper from China, and re-exported it to the West and Southeast Asia, causing import numbers to surge and re-exports to quadruple.
- C The decline in 1996 and 1997 is due to reduced pepper production and exports from Indonesia and China.
- # Historically, China has been the largest exporter of all types of pepper to Hong Kong.
- C Chinese pepper supply to Hong Kong in 1997 amounted to 1,900 MT, which is 70% of total Hong Kong imports.
- C Indonesia and Singapore have also been major suppliers. However, most of the pepper that is re-exported from Singapore comes mostly from Indonesia.
- # Pepper imports in 1998 and 1999 are expected to increase as Indonesia and China increase production and price drops.



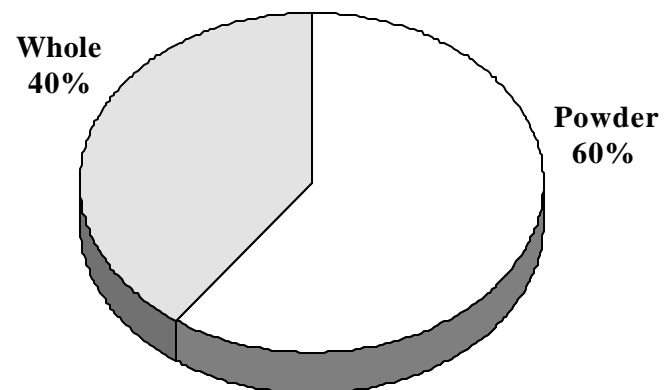
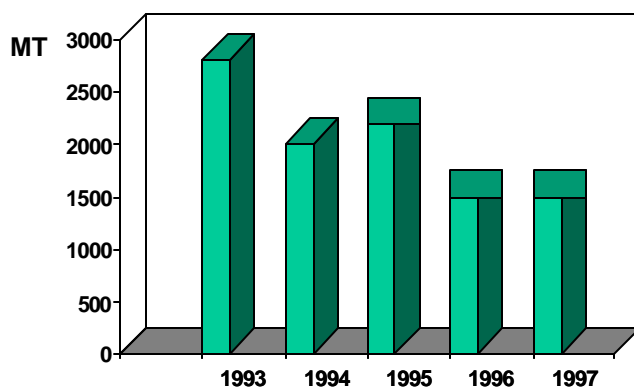
Hong Kong Pepper Trade 1992-1997



Pepper Imports 1997
2,702 MT

- # Pepper is the most common spice used in local Hong Kong cooking.
 - C Pepper is widely used in almost all households and Chinese food service outlets.
- # Pepper consumption in 1997 amounted to about 1,500 - 2,000 MT.
 - C Pepper consumption in 1996-1997 declined significantly from earlier levels mainly because the price of pepper tripled during the past 2 years. Supply from Indonesia and China declined significantly in the last two years causing prices to increase in the region. Farmers in both countries have chosen to plant alternative crops that are more lucrative. Furthermore, poor weather conditions have destroyed crops.
- # Hong Kong does not grow pepper. Therefore, local consumption is determined by: imports minus re-exports.
 - C However, Hong Kong does process pepper from whole to crushed/ground for local consumption and re-export. The ratio of whole to ground/crushed pepper demand is larger than that derived from the trade statistics. It is estimated that the ratio of whole to ground/crushed pepper consumption in 1997 is about 40% to 60%.
- # Pepper prices during the near term is expected to decline further. Local consumption in Hong Kong is expected to remain at 1997 levels with a possible slight decline.

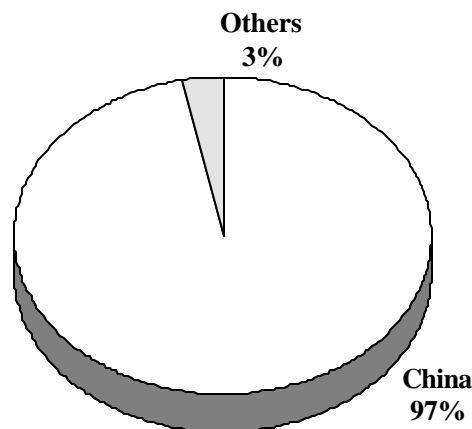
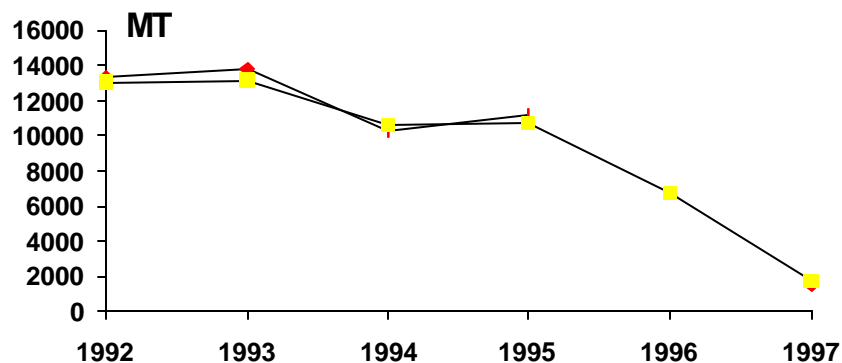
Hong Kong Pepper Consumption



Source: Eastern Strategic Consulting Ltd

Source: HKCSD

- # Cinnamon and cinnamon-tree flowers imports have been consistent from 1992 to 1995. Imports in 1996 and 1997 declined dramatically.
 - C The decline was mainly due to a great reduction in regional re-exports. The vast majority (over 95%) of cinnamon imports are re-exported.
- # Cinnamon supply has almost been totally dominated by China (over 90% of total imports).
 - C Hong Kong has been the key transshipment port for Chinese cinnamon to Asia, the Middle East, and the West.
 - C China began to export cinnamon directly from Chinese mainland ports over the past 2 years, causing Hong Kong's transshipment role to rapidly diminish.
- # Cinnamon imports are expected to decline or remain flat during the next year due to Hong Kong's role as transshipment point diminishes in importance.
- # Local consumption of cinnamon has not been significant.
 - C Hong Kong cinnamon consumption averaged approximately 400-500 MT per year.

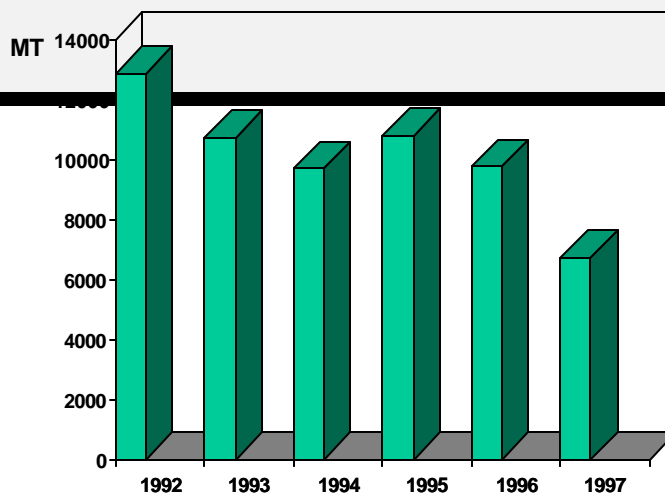


Cinnamon Imports 1997
1,562 MT

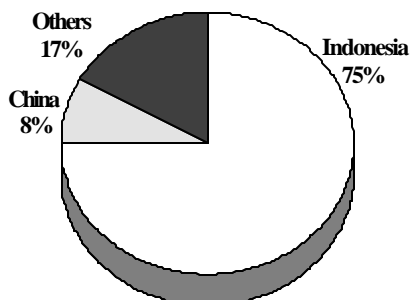
Source: HKCSD

- # Ginger represents one of the largest volume of spices imported into Hong Kong.
- C Over 10,000 MT of ginger was imported to Hong Kong from 1992 to 1995, of which 50-60% was locally consumed.
- # Import trends have been relatively consistent from 1993 to 1995. 1996 and 1997 experience significant decline (about 30%).
- C Historically ginger has been imported from China to Hong Kong and re-exported to Southeast Asia. In 1997, this trend was reversed. As demand in China surged, Hong Kong imported ginger from Southeast Asia (specifically Indonesia) and re-exported it to China.
- C This peculiar occurrence was due to the effects of the financial crisis in Southeast Asia. As the Indonesian currency dropped in value, Indonesian ginger became much more competitive in

price than ginger
China.

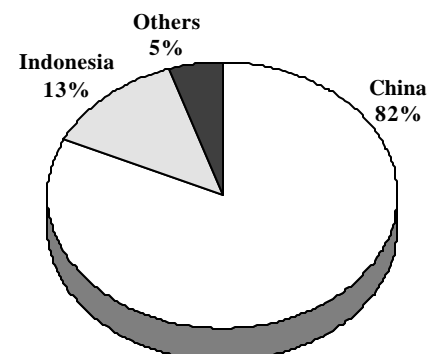


Ginger Import 1992-1997



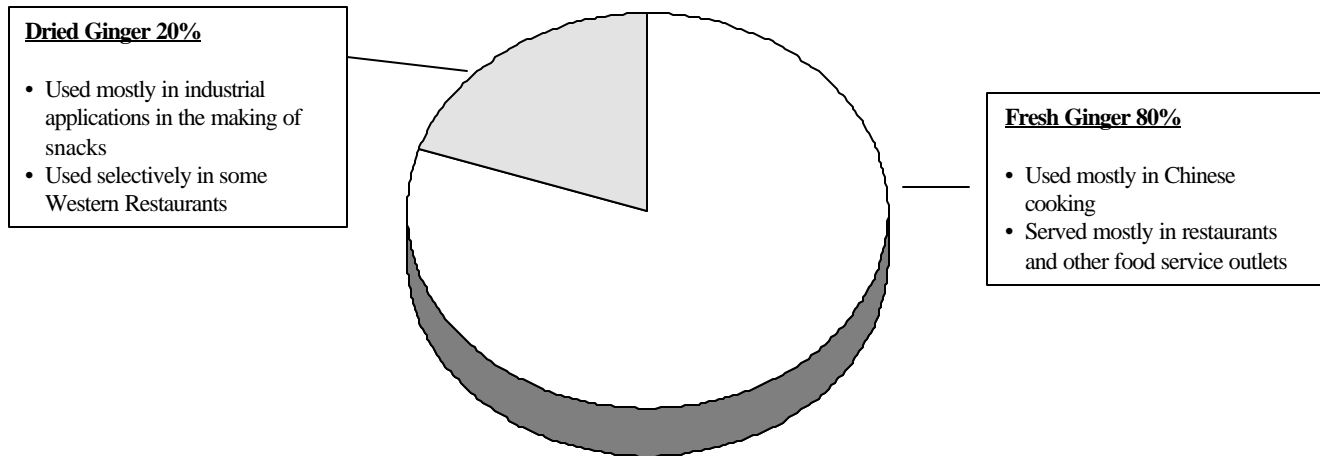
Ginger Imports 1997
6,728 MT

Source: HKCSD



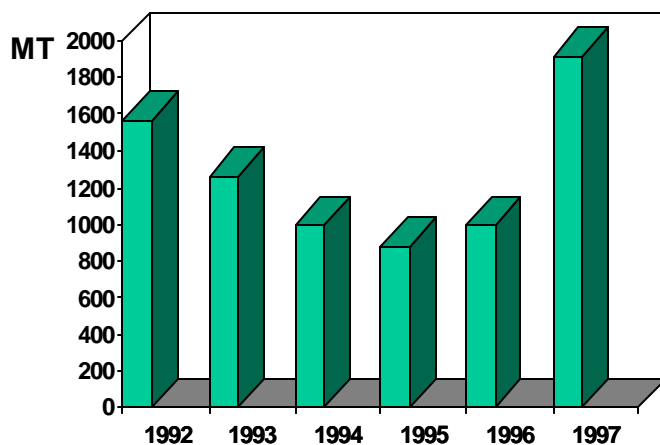
Ginger Imports 1994
9,754 MT

- # Ginger is commonly used in local meal preparation, both in the food service sector and in household cooking.
- C Ginger is one of the most commonly consumed spice in Hong Kong.
 - C Hong Kong consumption of ginger is about 5,000 - 6,000 MT per year.
 - C As Hong Kong does not grow ginger, consumption can be measured based on trade differences.
- # Consumption of ginger has been relatively stable.
- C A slight decline occurred in 1996 and 1997 (3-5%) as prices of ginger increased over 20%. Product supply was disrupted as production decreased during these two years.
- # Hong Kong consumes mostly fresh ginger from China and Indonesia. Dried ginger accounts for less than 20% of total ginger demand.
- C Dried ginger is used mostly in industrial applications such as the production of snacks.
 - C Selected Western restaurants buy dry ginger, but the overall quantity is small.

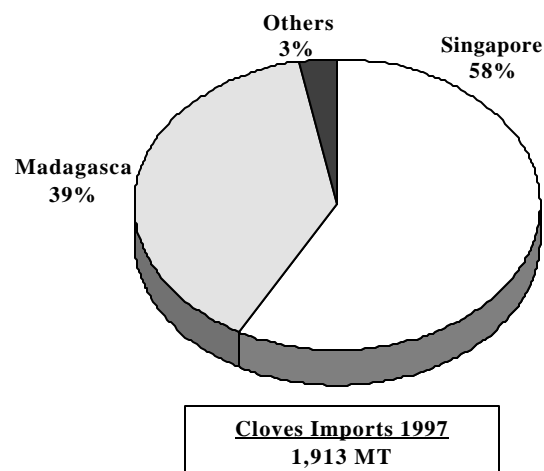


Source: Eastern Strategic Consulting Ltd.

- # Clove imports have not been consistent. Imports declined nearly 50% from 1992 to 1996, but imports surged in 1997.
- C The financial crisis in 1997 caused Southeast Asian imports to become less expensive. Therefore, Hong Kong imports surged in 1997. Hong Kong traders sold cloves to China.
 - C Clove imports in 1998 are likely to remain at or close to 1997 levels. China demand will continue to influence local demand for cloves.
- # The clove re-export trend is directly proportional to imports. In 1992, trade figures showed that clove re-exports actually exceeded imports. This occurred because of excessive inventory stored in the previous year. This inventory was sold the following year.
- C Clove re-exports mostly go to China, catering to the foreign community living in the mainland China.
- # The consumption of cloves has not been significant in Hong Kong. Total consumption amounted to 200 MT in 1997.
- C Cloves consumption declined in recent years because of the departure a significant number of expatriates in the of foreign community from Hong Kong prior to the 1997 handover, as cloves are used primarily in Western dishes.
 - C Consumption in 1998 and 1999 are expected to further decline as the poor economy continues to severely dampen consumer spending.

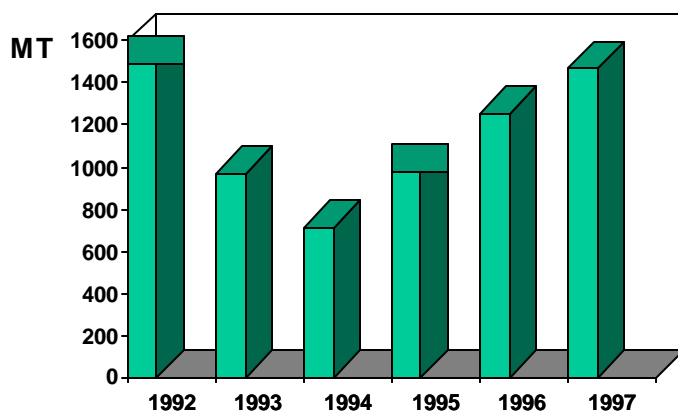


Cloves Imports 1992-1997

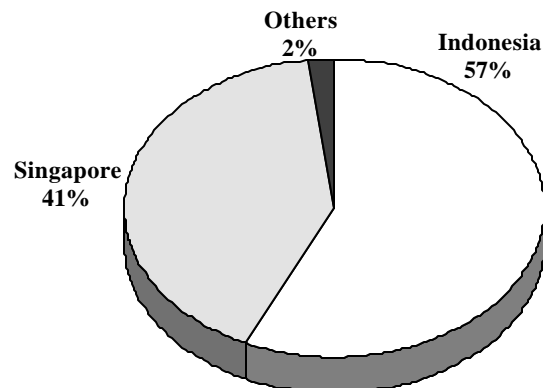


Source: HKCSD

- # Similar to clove imports, nutmeg, mace and cardamom imports have not been significant during the past five years. However, imports surged over 30% in 1997 from 1995.
- C Imports declined 30% in 1994 and 1995 because of the a corresponding decline in re-exports. Re-exports of nutmeg, mace and cardamoms are mostly bound for China and Japan.
- C For the same reason, clove imports from Southeast Asia became much more competitive in late 1997. Therefore trade volumes increased.
- # As there is no local production, imports are determined by imports minus re-exports.
- C Overall local consumption has not been that significant in terms of volume and value. Local consumption declined from 1994 through 1996 due to a decline in consumer spending on Western food products and dining out on western food.



Nutmeg, Mace and Cardamoms Imports 1992-1997

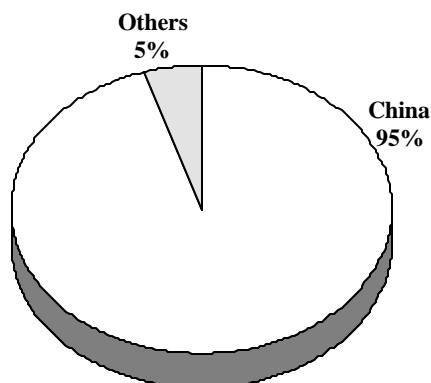
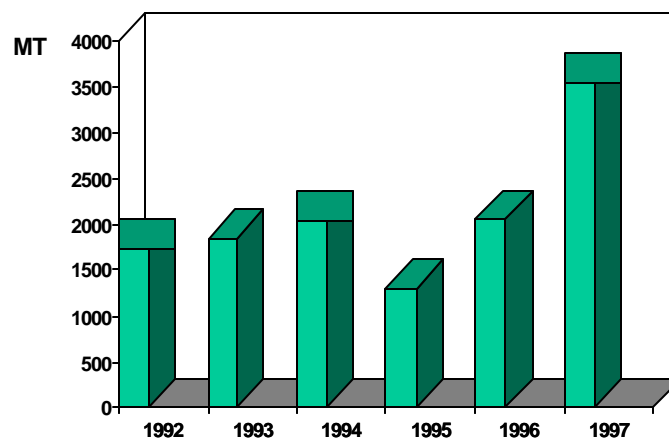


Nutmeg, Mace and Cardamoms Imports 1997
1,463 MT

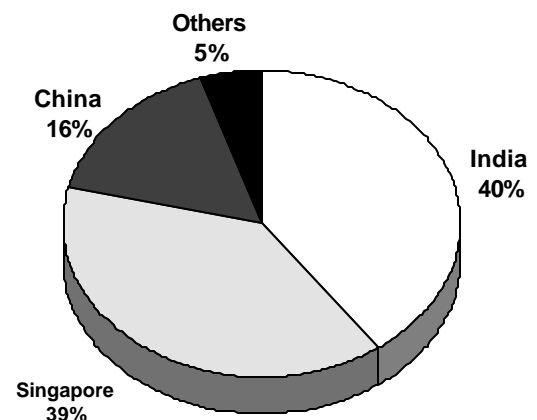
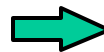
Source: HKCSD

- # During the past two to three years, imports of various spice seeds have been inconsistent.
 - C Imports declined in 1995 and 1996, but surged in 1997.
- # The spice seed trade has historically been driven by demand from Western countries, however recently China demand has been driving the import and re-export trade of Hong Kong. Low prices in Southeast Asia and demand from China has reversed trade patterns.
 - C Hong Kong traders have purchased large amounts of spice seeds during 1997 in anticipation of a growing China demand. It is expected that much of this stock will be sold to China during 1998 and 1999.
- # Local consumption of spice seeds has not been significant.
 - C Local consumption is derived using imports minus re-exports. There is no local production.

Spice Seed Import 1992-1997



Spice Seed Imports 1995
1,301 MT



Spice Seed Imports 1997
3,553 MT

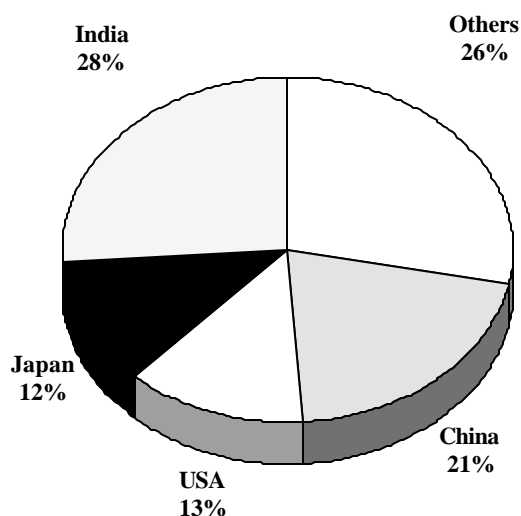
Source: HKCSD

There are several hundred other types of spices available in Hong Kong other than those described in this market brief. However, quantities for each spice has been relatively insignificant.

C Demand is driven by Western restaurants that cater to the expatriate community and wealthy Hong Kong consumers.

Other spice imports declined from 1993 to 1996.

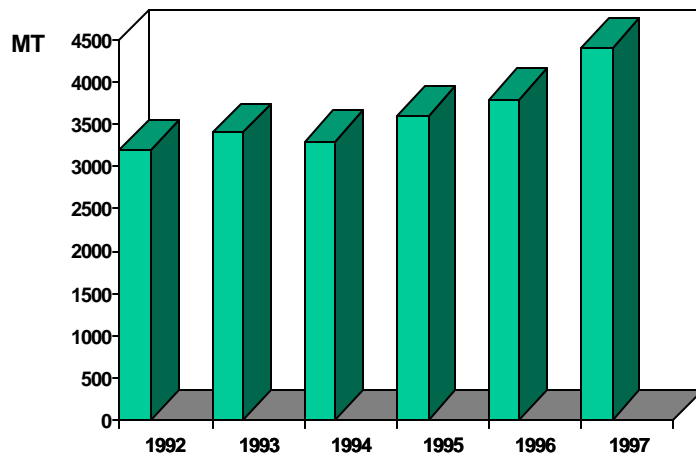
C The decline in imports and consumption has been gradual.



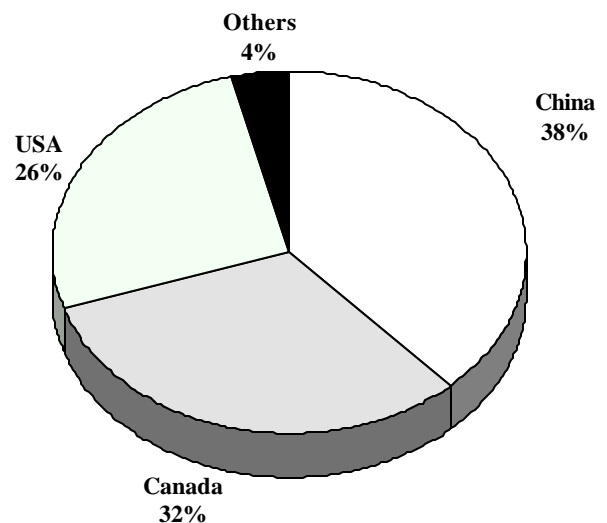
Other Spices Imports 1997
2,156 MT

Source: HKCSD

- # Trade statistics from the Hong Kong government indicate that ginseng re-exports exceeded imports from 1992 to 1997.
 - C Official trade statistics do not reflect actual consumption and traded volumes. Ginseng is often mis-classified and/or under declared.
- # Hong Kong is a large transshipment point for ginseng. It is known as the distribution centre for ginseng in Asia.
 - C Hong Kong re-exports large quantities of American and Canadian ginseng to the rest of Asia.
- # Ginseng consumption in Hong Kong is consistent, with 5-10% per annum increase over the past three years.
 - C The increase in local ginseng consumption is driven mainly by a decrease in prices. Prices have declined over 50% during the past two to three years. Canada and China have been dumping excess supply on the market. US supply has remained relatively stable during the past few years.
 - C Ginseng consumption is expected to decline significantly in 1998 and 1999 due to poor economic conditions. Consumers are expected to significantly reduce spending on non-essential food/diet items like ginseng.



Hong Kong Ginseng Imports 1992-1997

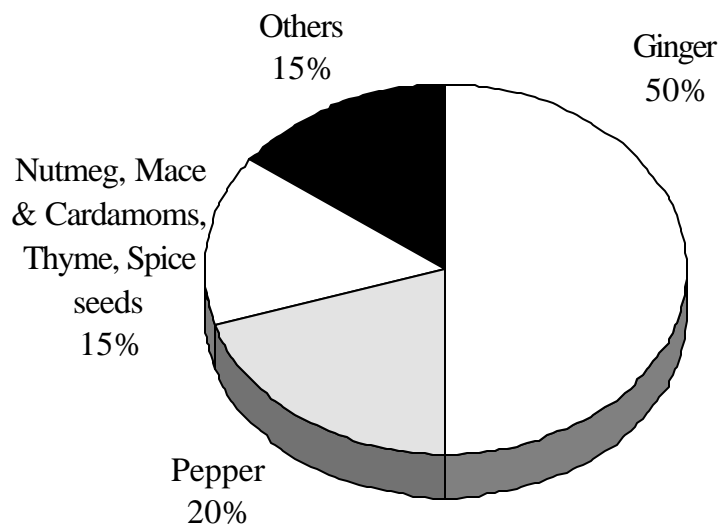


Ginseng Imports by Country

Source: HKCSD

- # Ginger and pepper are the two most common spices being consumed in Hong Kong.
- C Ginger and pepper together account for over 70% of spices consumed in Hong Kong
- C Other spices are much less significant in volume.

Spice Type	Market Share (%)
Ginger	50
Pepper	20
Nutmeg, Mace, Cardamon, Thyme Spice Seeds	15
Other Spices	15
Total	100



Source: Eastern Strategic Consulting Ltd.

Herbs & Spices	Application	Historical Development	Near Term Outlook
Pepper	<ul style="list-style-type: none"> Generously used in most Chinese cooking and fast foods Used in both food service and home cooking 	<ul style="list-style-type: none"> Consistent demand through 1995 Demand decreased 20-30% due to skyrocketing prices 	<ul style="list-style-type: none"> Demand expected to remain flat. Unlikely to recover to 1995 levels due to poor economy
Ginger	<ul style="list-style-type: none"> Consumed with sushi, preserved egg, and certain hot Chinese dishes Used in large variety of Chinese cooking 	<ul style="list-style-type: none"> Consistent demand. Slightly declined over past 2 years 	<ul style="list-style-type: none"> Remain flat from 1996-1997 levels
Cinnamon	<ul style="list-style-type: none"> Very limited application. Only in Western dishes 	<ul style="list-style-type: none"> Declining over the past 3-4 years due to foreigners departure from Hong Kong 	<ul style="list-style-type: none"> Decline in 1998 and 1999
Cloves	<ul style="list-style-type: none"> Very limited application. Only in Western dishes 	<ul style="list-style-type: none"> Declining over the past 3-4 years due to foreigners departure from Hong Kong 	<ul style="list-style-type: none"> Decline in 1998 and 1999
Nutmeg, Mace and Cardamon	<ul style="list-style-type: none"> Very limited application. Only in Western dishes 	<ul style="list-style-type: none"> Declining over the past 3-4 years due to foreigners departure from Hong Kong 	<ul style="list-style-type: none"> Decline in 1998 and 1999
Thyme	<ul style="list-style-type: none"> Very limited application. Only in Western dishes 	<ul style="list-style-type: none"> Declining over the past 3-4 years due to foreigners departure from Hong Kong 	<ul style="list-style-type: none"> Decline in 1998 and 1999
Other spices	<ul style="list-style-type: none"> Very limited application. Only in Western dishes 	<ul style="list-style-type: none"> Declining over the past 3-4 years due to foreigners departure from Hong Kong 	<ul style="list-style-type: none"> Decline in 1998 and 1999
Ginseng	<ul style="list-style-type: none"> Widely used in making ginseng tea which is a favourite nourishment to enhance the physical state of the body 	<ul style="list-style-type: none"> Increase over the past 2-3 years because of large price reduction 	<ul style="list-style-type: none"> Decline in 1998 and 1999

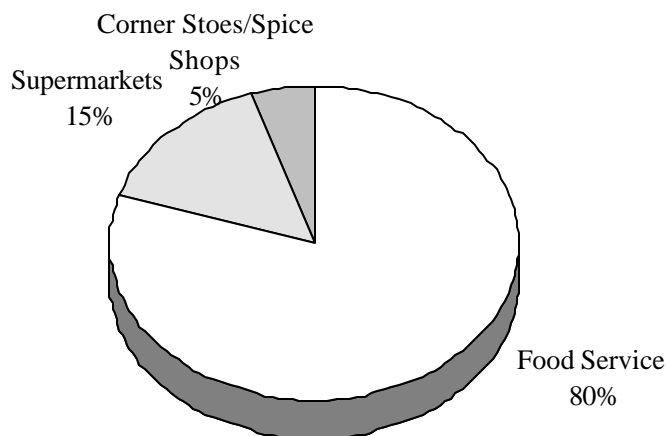
III. DISTRIBUTION

- # Herbs and spices are distributed in Hong Kong through three channels:
 - C Food service sector (including restaurants, diners, hotels, etc.)
 - C Supermarkets (chain supermarkets and major department stores)
 - C Corner stores (conveniently located in every residential district in Hong Kong)

- # The food service sector is by far the largest distribution channel for both Chinese/Asian and Western herbs and spices.
 - C It is estimated that the food service sector distributes over 80% of all herbs and spices.
 - C However, the food service sector is experiencing a decline due to the poor Hong Kong economy and this channel is expected to decline in 1998 and 1999.

- # Supermarkets are growing in terms of distribution share, displacing the corner stores.
 - C Corner stores in Hong Kong distributes mostly Chinese and Asian herbs and spices. Very rarely are Western herbs and spices distributed through this channel.
 - C Despite the declining market share, corner stores will remain a significant channel for distributing Chinese herbs and spices in Hong Kong.

- # Ginseng, unlike other spices, is distributed in Hong Kong mainly through Chinese herb and Chinese drug stores, as well as some specialty ginseng stores.



Source: Eastern Strategic Consulting Ltd.

The retail sector includes large scale department stores, chain supermarkets, and corner stores.

Segment	Key Players	Market Positioning and Comments
Department Stores	<ul style="list-style-type: none"> ℄ Hong Kong Seibu ℄ Jusco ℄ Sogo 	<ul style="list-style-type: none"> ℄ Important segment in this channel ℄ Market share remains consistent
Chain Supermarkets	<ul style="list-style-type: none"> ℄ Wellcome ℄ Park N Shop ℄ Guangnan ℄ Dah Cheong Hong ℄ Seven Eleven 	<ul style="list-style-type: none"> ℄ Most important segment in this channel ℄ Largely take-home purchases ℄ Wellcome and Park N Shop are serious competitors, and have similar market shares. Together they constitute about 75% of this sector ℄ General strategy is to expand market reach by increased number of outlets
Corner Stores	--	<ul style="list-style-type: none"> ℄ Flat or slightly declining market share.

Segment	Players	Market Positioning	Outlook
Restaurants	<ul style="list-style-type: none"> Ⓒ Big restaurants like Dun Wong, Palace, Hanbo, etc. Ⓒ Presently Hong Kong has over 10,000 restaurants 	<ul style="list-style-type: none"> Ⓒ Declining overall business in 1997 of 30 to 40% affecting spices demand Ⓒ Many restaurants closed by the end of 1997 	<ul style="list-style-type: none"> Ⓒ Undesirable market sentiments likely to continue in 1998, expecting recovery in 1999
Hotels	<ul style="list-style-type: none"> Ⓒ Presently total more than 1,500 in Hong Kong, including over 120 hotels of 3, 4, and 5-star levels 	<ul style="list-style-type: none"> Ⓒ Declining overall business in 1997 	<ul style="list-style-type: none"> Ⓒ Undesirable market sentiments in 1998
Diners	<ul style="list-style-type: none"> Ⓒ Diners are abundant in every district in Hong Kong 	<ul style="list-style-type: none"> Ⓒ Stable and increasing businesses in 1997 and 1998 Ⓒ As cheap alternatives to restaurants 	<ul style="list-style-type: none"> Ⓒ Favourable market sentiments in the near-term

Overall there has been no large scale corporation dealing with trade and distribution of herbs and spices.

- C Most distributors are small-scale businesses, some are also as retailers with their own shops.
- C Spice distributors are mostly required to have sufficient warehouse space to store the spices so delivery can be made promptly when customers require replenishments. As warehouse space costs are high in Hong Kong, herbs and spices have not been a lucrative business in recent years.

Supplier	Product Offering	Market Positioning
Yat Lung Co.	Most Western Spices	Strong in retail
Yat Hing Trading	Most Western Spices	Strong in retail
Goodwell Sam Cheong Grocery Co.	Most Western Spices	Focus mostly in food services sector
Yuan Hing Spice Co.	All ranges of spices	Focus mostly in food services sector
Others	Various	Less significant market players

As for ginseng, competition remains within a niche sector.

- C The largest ginseng distributors in Hong Kong are Chinese herbal medicine companies, most of which are also retailers operating one individual or a chain of drug stores.
- C There are a small number of special/retail stores selling ginseng in Hong Kong. But this channel has not been significant.

Pepper

- # The price of pepper has increased by three fold since 1995.
 - The most drastic increase was in 1996 when supplies from China and Indonesia declined significantly.
 - Prices remained steady at above US dollar 6,000/MT (import price in bulk) during 1997 and early 1999.
 - Pepper prices are expected to ease in the near term but local Hong Kong consumption is not expected to increase significantly during the near term.

Ginger

- # Ginger wholesale prices increased 20-30% over the past two years.
 - Ginger prices are expected to decline slightly in the near term.

Other Spices

- # Overall, prices remained consistent without large scale fluctuations.

Ginseng

- # The price of ginseng has dropped more than 50% over the past three years due to an oversupply especially Canada and China.
 - Prices are expected to remain low in the near term unless production from the West is reduced.

Brand	Product	Price (HK\$)
Spice Island	Whole Black Pepper 68 gm	17.2
	Thyme 20 gm	11.3
	White Pepper 74 gm	19.3
	Nutmeg Ground 60 gm	20.2
	Cinnamon Ground 54 gm	17.8

Brand	Product	Price (HK\$)
Yat Hing	Meat Tenderizer	10
Ideal	Various common spices	7.3
Spice Islands	Fine Herbs 28 gm	12.6
Pan Pacific	Fin. Gd. Blk Pepper 65 gm	16.1
Paxo	Sage & Onion Stuff 3 oz	7.1

There has hardly been any promotion of herbs and spices in Hong Kong.

IV. SUMMARY, CONCLUSIONS AND CONTACTS

- C Television is the most effective method of promotion. But, as Hong Kong is not a large consumer of spices, sales usually cannot generate sufficient revenue to provide for large advertisement budgets.
- # An effective form of promotion in Hong Kong is indirectly through advertising through TV cooking programs and Western cook books where various herbs and spices are introduced to the consumers.
- # Supermarkets and department stores in Hong Kong often offer discount coupons for a large variety of products including spices as a form of promotion.
- # The US Agricultural Trade Office in Hong Kong is available to offer help to American companies and their local distributors to more effectively promote their products by facilitating and organizing seminars, conferences, and introducing alliances.

Agricultural Trade Office

American Consulate General

18th Floor, St. John's Building

33 Garden Road

Hong Kong

Tel: (852) 2841-2350

Fax: (852) 2845-0943

E-Mail: ATOHongKong@fas.usda.gov

Internet Homepage: <http://www.usconsulate.org.hk>

- # The local health department will conduct sampling and analysis upon shipment arrival. Therefore appropriate correspondence between the importer and the health department is necessary.
- # Packaging requirements must comply with the Hong Kong Food and Drug Regulations, which in proper labelling of item, ingredients, shelf-life, storage and care instructions, and other product specifications including volume and weight, and manufacturer's/packer's name and address.
- # Details of import regulations can be obtained from the Hong Kong Government, Department of Health at Wu Chung house, 18th Floor, 213 Queen's Road East, Wanchai, Hong Kong.

- C The Health Department also provides a hotline for import regulation enquiries at (852) 2380-2:
- # The herbs and spices market in Hong Kong is small and relatively undeveloped compared to the West.
 - C Consumption of most herbs and spices has significantly declined over the past two to three years.
- # The most popular spices consumed in Hong Kong are ginger and pepper. Together they amount for over 70% of all spices.
 - C Pepper demand declined over the past two years, and is expected to remain flat in the near term.
 - C Ginger consumption has been flat but consistent.
 - C Demand of most other spices has declined and are expected to further decline.
- # Hong Kong has historically been the transshipment port for most Chinese spices to the West and Southeast Asia. But since the Asian financial crisis, Hong Kong has served as a transshipment point from Southeast Asian spices to mainland China.
 - C This creates an opportunity for the US herb and spice suppliers. Hong Kong traders have access to the mainland Chinese market which is expected to expand in the next year or two.
- # As for ginseng, the local Hong Kong market is saturated and declining. A price war between the US, Canada, China, and Korea has increased competition and reduced prices. It is expected that the oversupply will remain during the next year.

Health Department

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64-66 Connaught Road
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Tel: (852) 2542-8600
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Dah Chong Hong Ltd

8/F Kai Cheung Road
Kowloon Bay, Hong Kong
Tel: (852) 2768-3388
Fax: (852) 2796-8838

Customs and Excise Department

8/F, Canton Road Government
Offices
393 Canton Road, Kowloon
Hong Kong
Tel: (852) 2733-2265

Goodwell Sam Cheong Grocery Co. Ltd

G/F, Heung Wah Industrial Building
12 Wong Chuk Hang Road, Hong Kong
Tel: (852) 2555-0371
Fax: (852) 2873-1194

Park'n Shop Ltd

Box 250 Shatin Post Office
New Territories
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Tel: (852) 2606-8833
Fax: (852) 2695-3664

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Council**

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Wellcome Company Ltd

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Hong Kong Consumer Council

Kah Wah Centre
191 Java Road
North Point
Tel: (852) 2856-3113

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Chap Hing Cheung

2/F, 59-61 Des Voeux Road West
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Tel: (852) 2548-1666
Fax: (852) 2858-2725

List of Important Government Web Sites and E-Mail Addresses

Department	Web Site	E-Mail Address
Census and Statistics Department	http://www.info.gov.hk/censtatd/	genenq@censtatd.gcn.gov.hk
Company Registry	http://www.info.gov.hk/cr/	crenq@cr.gcn.gov.hk
Consumer Council	http://www.consumer.org.hk	cc@consumer.org.hk
Financial Secretary's Office Business and Services Promotion Unit	http://www.info.gov.hk/bspu/	bspuenq@bspu.gcn.gov.hk
Economic Services Bureau	http://www.info.gov.hk/esb	esbuser@esb.gov.hk
Trade and Industry Bureau	http://www.info.gov.hk/tib/	--
Department of Health Headquarters	http://www.info.gov.hk/dh/dex.htm	dhenq@dh.gcn.gov.hk
Industry Department	http://www.info.gov.hk/id	industry@id.gcn.gov.hk
Trade Department	http://www/info.gov.hk/trade	dcsn@trade.gcn.gov.hk
Hong Kong Trade Development Council	http://www.tdc.org.hk	hktdc@tdc.org.hk